PICTURED LEFT TO RIGHT *(*seated)*

Jeffrey R. Immelt, Chairman of the Board & Chief Executive Officer
Michael A. Neal,* Vice Chairman, GE and Chairman & Chief Executive Officer, GE Capital
Keith S. Sherin, Vice Chairman, GE and Chief Financial Officer
John G. Rice,* Vice Chairman, GE and President & Chief Executive Officer, Technology Infrastructure
John Krenicki Jr., Vice Chairman, GE and President & Chief Executive Officer, Energy Infrastructure

Dear Fellow Owners,

2008 was a tough year, and we expect 2009 to be even tougher.

The liquidity challenge I reported in last year's letter has become a global financial meltdown. In 2008, we worked hard to keep the Company safe and to anticipate how the financial crisis would impact our businesses. In the past, I believed that our diversified portfolio would protect us in all kinds of economic cycles. But we never anticipated a global financial system failure and its continuing economic fallout.

The macro-environment has been brutal. The losses in the whole financial services industry are projected to be at least $2 trillion. The lending capacity that has come out of the system is somewhere between $5 trillion and $10 trillion. We have now entered an economic recession across most of the world.

Government actions have helped to stabilize the environment. Capital markets have improved, largely due to aggressive actions by the U.S. Federal Reserve, U.S. Federal Deposit Insurance Corporation, U.S. Department of the Treasury, and global governments. In addition, stimulus programs being implemented around the world will provide trillions in new investments.

In this very tough environment, GE earned $18 billion, our third highest year in history. Thanks to the extensive repositioning of our portfolio over the past eight years, we redeployed our capital to enable growth. Our operating cash flow for the year remained strong at over $19 billion. We have a $172 billion backlog in infrastructure products and services. We have geographic diversity, with 53% of our revenues outside the U.S. We also have a great pipeline of new products.

The credit for this performance in the toughest times I've ever seen goes to the people of GE. The efforts of more than 300,000 skilled GE workers, technicians, credit analysts, technologists, engineers, service providers, our experienced management team, and all employees helped us end 2008 with solid profitability and prepare our Company for future growth.

Despite our efforts, the GE stock got hammered. Companies with a presence in financial services, like GE, are simply out of favor. I can tell you that no one is more disappointed than I am with the performance of our stock in this tough environment. I assure you that we will work hard to restore your trust, and we will continue to work hard to build GE for the long term.

We are in a recession and, at times like these, it is difficult to predict how bad and for how long. We are running GE to "weather the cycle." However, I believe we are going through more than a cycle. The global economy, and capitalism, will be "reset" in several important ways.

The interaction between government and business will change forever. In a reset economy, the government will be a regulator; and also an industry policy champion, a financier, and a key partner.

The financial industry will radically restructure. There will be less leverage, fewer competitors, and a fundamental repricing of risk. It will remain an important industry, just different.

There are other resets as well: the diminished role of the automotive industry; a prolonged downturn in housing; a decline in the prominence of alternative investments; and the nature of executive responsibility and compensation. You get the point. Successful companies won't just "hunker down"; they will seek out the new opportunities in a reset world.

In that context, we have taken strong actions to protect the Company during this recessionary cycle. At the same time, we will continue to execute our long-term strategy. We will continue to build strong businesses that will perform over the long term. And we will drive the common initiatives that build competitive advantage.

"In this very tough environment, GE earned $18 billion, our third highest year in history ... We have a $172 billion backlog in infrastructure products and services ... We also have a great pipeline of new products."

Prepared for Tough Times

We have prepared for a difficult economy in 2009. To that end, we have lowered costs, increased loss reserves, improved our cash position, and intensified our management processes.

We made some tough calls as we navigated this environment. We raised $15 billion of equity at a time when liquidity was virtually frozen. We have gained access to government funding programs that put us on equal footing with banks.

We have improved our funding. We have already raised about two-thirds of the debt required to grow our businesses in 2009. We have increased our alternative funding to $54 billion, mainly through our banks.

We have improved our liquidity. We reduced commercial paper from $100 billion last year to $60 billion today. We ended 2008 with $48 billion of cash on our balance sheet. We are targeting our leverage in GE Capital to be 6:1 in 2009.

We are prepared for a very rough economy and have been realistic about our loss estimates. We benefit from having less consumer exposure than banks and our commercial loans are senior and secured. We are prepared to hold and operate our assets through the cycle to maximize value.

We have taken aggressive action to reduce costs by $5 billion. Our base cost will be down 7% next year, driven by headcount reduction and spending cuts. We have simplified organizations and reduced layers. We'll reduce variable costs, including $2 billion of sourcing on direct material purchases. We expect our indirect costs to be down close to 10%.

Our industrial businesses generate about $16 billion of cash annually, even in an economic downturn. We are aiming to reduce working capital by about $5 billion over the next two years. This gives us plenty of cash to reinvest in growth, support a strong dividend, or strengthen our balance sheet.

But, our top priority for capital allocation at the present time must be safety. To that end, we will continue to run the Company with the disciplines of a "Triple A," including adequate capital, low leverage, solid earnings, and conservative funding.

We have built a foundation that can weather this economic storm. But to emerge from this cycle as a more valuable company requires an unflinching commitment to execute our long-term strategy: *building strong businesses and sustaining competitive advantage.*

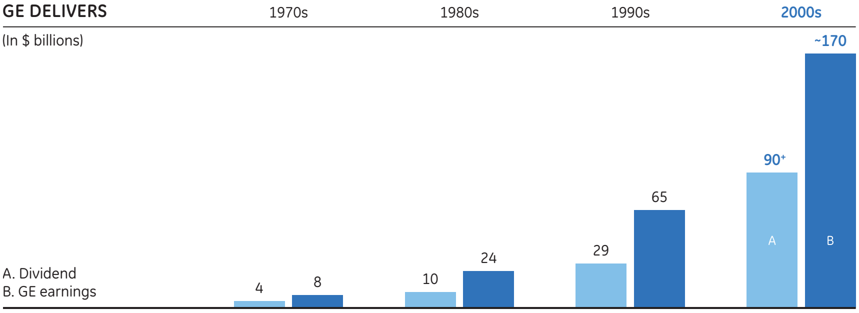
Building Strong Businesses

Over time, we have been able to transform the GE portfolio to meet new opportunities. That remains true today. The chart on this page shows GE's cumulative net earnings over the past four decades: 1970s: $8 billion; 1980s: $24 billion; 1990s: $65 billion; 2000s: approaching $170 billion. We have performed through economic cycles.

Last year, we simplified our operating framework to focus on four main businesses: technology and energy infrastructure, finance, and media. In 2008, our earnings declined 19%, while the S&P 500's earnings declined 30%. This is not the type of "outperformance" we like, but we were better than the broad market. Over time, and in an improved economy, we expect our businesses will continue to grow faster than the S&P 500. We have three priorities for 2009: expand leadership in infrastructure and media; capitalize on GE's cyclical advantages; and create a more focused GE Capital Finance.

GE DELIVERS

(In $ billions)



Expand Leadership in Infrastructure and Media

We have built leadership in infrastructure and media, growing these businesses to about $100 billion in revenues with margins of 17%. They require only $2 billion of annual investments to drive long-term growth. These businesses grew 10% in 2008 and we expect them to grow even in a difficult 2009.

TECHNOLOGY INFRASTRUCTURE earned about $8 billion in 2008 and under our framework we are planning for positive earnings growth in 2009. Margins continue to be solid and we expect them to expand in 2009. But we'll face some headwinds, too. We expect some aircraft engine order cancellations and Healthcare's diagnostic imaging business could have a very tough year in the U.S. We are planning for both of these events, which are balanced against strong service revenue growth and cost reductions. John Rice and his team have done a good job in building a strong set of leadership businesses that can grow through this cycle.

ENERGY INFRASTRUCTURE earned about $6 billion in 2008 and we expect earnings and margin growth in 2009. The decline in the price of oil is a negative, but we believe that as costs go down for steel and other raw materials, some projects may in fact accelerate. Long term, growth remains robust; electricity demand should double in the next 25 years. We have a substantial advantage in a "clean energy world" thanks to our ecomagination℠ initiative. We sold $17 billion in ecomagination products in 2008 and we are on track for sustained growth. John Krenicki and his team have positioned GE to win in the global energy market.

NBC UNIVERSAL earned about $3 billion last year. It's likely to be down in 2009, as we expect the network environment to be particularly tough. But cable, more than 60% of our earnings, is going to continue to be a source of strength, building on its ratings success in 2008. Our movie business has already invested in new films for next year, which will also support DVD sales. Our strengths are good content, a strong cable focus, and international distribution. Jeff Zucker and his team have done a great job in repositioning NBC Universal to win in the rapidly changing media landscape.

Capitalize on GE's Cyclical Advantages

GE's infrastructure businesses have cyclical demand tailwinds in 2009. One driver is services. About two-thirds of our earnings come from services. We have a large installed base of proprietary technology that has created a $121 billion backlog in services.

We will have about $40 billion in service revenues in 2009, growing approximately 10% at attractive margins. Service is more robust in a downturn because it creates value for our customers. Service value for our customers comes from two streams: customer efficiency through system performance and energy savings; and customer productivity through process improvements and data management.

Aviation is an example of a business that can grow earnings even if the market for new aircraft declines. We have $90 billion of potential long-term aviation service revenues just on the engines we have shipped in the last three years. Our shop visits should grow 20% in 2009, as 40% of our engines have not had their first overhaul. Our key customers, like Southwest Airlines, appreciate our services because they get predictable maintenance costs, improved reliability, and increased engine residual value.

Another driver is the impact government stimulus will have on infrastructure investment. GE's broad technical portfolio positions us as a natural partner as the role of government increases in the current crisis. Over the past decade, we have positioned GE to lead in the "big themes." These include emerging market growth, clean energy, and sustainable healthcare.

Global investments in infrastructure were expected to be $7 trillion before the crisis. These investments make populations more productive, provide basic needs, and importantly, create jobs. Now there will be an additional $3 trillion in government stimulus directed towards infrastructure investments.

In the U.S., stimulus will target clean energy and smart grid technology. GE is well positioned to capitalize on these investments. We have a $7 billion renewable energy business with solid positions in wind and solar energy. We are deploying smart grid technology with key utility customers such as Pacific Gas and Electric Company, American Electric Power, and Florida Power & Lighting. This is an approximately $635 million business today, but will grow substantially in the next few years.

Similarly, we have built a $2 billion business in Healthcare Information Technology, where we are working with key customers to improve the quality of patient care at a lower cost. For instance, we are collaborating with industry thought leaders, including Intermountain Healthcare, to develop an electronic health record. We have invested jointly, co-located our teams, and set common processes and standards. There are also ongoing studies in healthcare information technology with Mayo Clinic and the University of California-San Francisco Medical Center. We will help lead the healthcare industry in transforming information management with a technology foundation.

Outside the U.S., government investments will target more basic infrastructure. In Iraq, we entered a $3 billion turbine agreement to meet the critical need to re-electrify this country. We will deliver the most flexible technology for the best value. In India and South Africa, we are pursuing $5 billion of locomotive orders. These projects are essential to meeting national energy efficiency, transportation, and environmental goals. In China, we are partnering with Commercial Aircraft Corporation of China, LTD (COMAC), as they develop an in-country commercial aviation industry. This is expected to generate multiple new business opportunities for GE. In Russia and Qatar, we are partnering with governments to improve healthcare, representing $1 billion of potential growth.

Governments will invest to stimulate their economies, solve societal problems, and create jobs. GE's broad portfolio and expertise position us as a natural partner. Tackling important problems together will require teamwork and respect between business, government, and society. We know how to do this and intend to play an important part in solving these essential challenges.

Create a More Focused GE Capital Finance

Mike Neal's GE Capital Finance business earned nearly $9 billion in 2008. Against the background of the global credit crisis, his team moved quickly to improve our liquidity, strengthen our capital base, reduce our cost structure, and control our losses.

In the past, investors asked me what was our target percentage for earnings contribution from financial services and I said below 50%. Going forward we expect 30% of our earnings to come from financial services. I never envisioned getting to our target in this fashion, but nevertheless we now have a more heavily weighted industrial portfolio.

Did we end up with too much exposure in certain areas during the credit bubble? Maybe, a few. Today, I wish we had less exposure to commercial real estate and U.K. mortgages.

However, while trillions of dollars of value have been lost at many financial institutions by investing in structured investment vehicles (SIVs), collateralized debt obligations (CDOs), and credit default swaps (CDSs), our risk discipline kept us out of these markets. Moreover, our decision to exit $150 billion of insurance assets earlier this decade protected us from even greater volatility.

"Service is more robust in a downturn because it creates value for our customers. Service value for our customers comes from two streams: customer efficiency through system performance and energy savings; and customer productivity through process improvement and data management."

We remain a great source of liquidity to companies, consumers, and projects. We provided $48 billion of new loans in fourth quarter 2008 and plan for about $180 billion in 2009. We are a leader in mid market commercial lending around the world. We continue to support many customers in infrastructure industries like aviation, healthcare, transportation, and energy.

We intend to stay anchored in what we know, own, and manage. We underwrite all loans and leases to our standards and typically, as senior lenders, we are secured in collateral. In addition, we are prepared to hold these assets through the cycle.

At the same time, we are repositioning our financial services business to operate as a more focused and smaller finance segment. We continue to have a set of strong businesses in core lending to mid market customers, who benefit from our expertise in energy, aviation, and healthcare; in global consumer lending, including our banking and joint ventures; and in real estate. We will be taking a close look at nonstrategic assets in these businesses, such as equipment services businesses, most of our consumer mortgage books, and a dozen or so small or subscale commercial and consumer platforms that we will reduce over the next few years. These moves will allow us to focus on our core operations and our ability to self-fund by growing our deposit base.

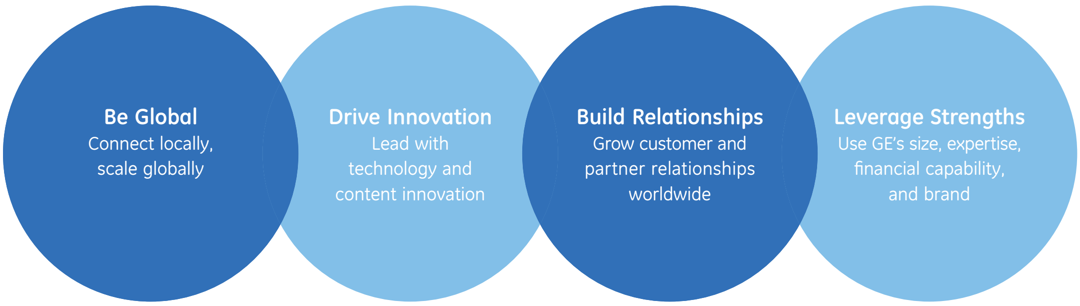
We are targeting our returns in financial services to be about 15%. We remain convinced that we have an effective financial services business model. We have over 10,000 global originators who understand their customers better than banks because of GE's industrial presence. We believe that our financial services can drive earnings growth over the long term.

Sustaining Competitive Advantage

GE is a 130-year-old growth company. By my count, we have survived nine recessions and one depression. What drives our results through the cycles is our ability to perform and change. We will continue to invest in initiatives that will give GE a solid competitive advantage over the long term.

OUR STRATEGY

Our strategy borrows our key strengths from the past and makes them relevant to a new era of global business:



BE GLOBAL. Our non-U.S. revenues have averaged 13% annual growth this decade. We expect our global growth to outpace the U.S. in 2009. This is a source of competitive advantage for GE. We are perfecting an approach called "connected and scalable localization" whereby we accelerate growth by expanding our local product lines, serving new customers, and creating strong partnerships with local champions. GE has 25 countries each with more than $1 billion in revenues, so empowering our local teams is critical to driving growth.

Global diversity is important in this cycle because it diversifies revenues and risk. We expect Healthcare's diagnostic imaging business to suffer in the U.S. as our customers grapple with budget cuts. However, we have a $9 billion global healthcare business that we expect to experience strong demographic growth, offsetting weakness in the U.S.

DRIVE INNOVATION. We will invest $10 billion in technology and content in 2009, the same level as 2008. Since 2000, we have invested approximately $50 billion in product technology. We'll launch economical "value products" in 2009 such as the 2.6-megawatt wind turbine, which has high efficiency, more capacity, and lower cost.

We'll continue to build our innovation pipeline. We launched a venture in digital pathology, which we think will be a $2 billion market over time. We launched *hulu*,™ a joint venture between NBC Universal and News Corp., which is an innovative digital content platform competing with *YouTube*.™ We have invested $150 million in battery technology that will power our hybrid locomotives. We will continue to fund innovation through the downturn.

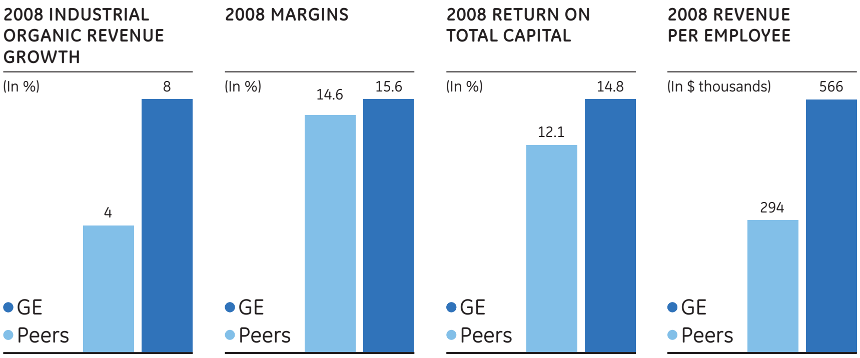
BUILD RELATIONSHIPS. GE has many ventures and partnerships that help us grow and diversify risk on a global basis. Our multi-business structure makes us a particularly desirable partner for governments and other large investors. A great example is our spectacular success with the Beijing 2008 Olympic Games. This event produced $2 billion of revenues across multiple GE platforms, while building our relationships in China.

In 2008, we announced a multifaceted partnership with Mubadala, the commercial investing arm of Abu Dhabi, which includes a commercial finance joint venture, projects in renewable energy, and a training center in Abu Dhabi. Mubadala will also become a "Top 10" GE investor.

LEVERAGE STRENGTHS. We have core processes centered on organic growth, operating excellence, and leadership development. The aim of these processes is to spread best practices across the Company.

We compare our progress on common metrics in industrial organic revenue growth, margins, return on total capital, and productivity as measured by revenue per employee. The chart on this page shows how we compare with a composite of world-class peers. We continue to perform.

In addition, we continue to invest $1 billion annually in our people and leadership development. We value our team. We remain committed to developing broad and "battle-tested" global leaders.



Peers include: *Whirlpool, Disney, News Corp., United Technologies, Honeywell, Siemens, Philips, ABB, Rolls Royce, Alstom*

Opportunity to Reset

Let's face it: our Company's reputation was tarnished because we weren't the "safe and reliable" growth company that is our aspiration. I accept responsibility for this. But, I think this environment presents an opportunity of a lifetime. We get a chance to reset the core of GE and focus on what we do best. We can reset expectations for our performance. And we can participate in the changes required in the broader economy.

GE has enormous and enduring strengths that are underestimated right now. We have leadership businesses and a dedicated team. We have outperformed the S&P 500 in earnings over the long term, including 2008.

One important reset is in financial services. Earlier this decade, our financial services earnings received a valuation similar to our industrial earnings; today, it is lower. In the end, having financial services as 50% of our earnings was too high. We intend to reset this business to be smaller, less volatile and more connected to the "GE core."

In addition, we determined that this was a good time to rethink how we communicate about the Company and to provide only an annual framework on our operations, instead of detailed quarterly guidance. We've always tried to be transparent, to offer a lot of detail and data, and describe the Company externally the way we run the Company internally, and we will continue to do so. As a long-cycle business, we want our investors to focus on long-term results.

For 2009, we have sharpened our strategic processes and scenario planning. We have increased the frequency and changed the agendas of our operating meetings. Each of our businesses has set up a process to identify the "naysayers" in each of our industries to make sure their voices are heard inside GE. From top to bottom and across GE, we must and will listen more critically and respectfully to each other.

I have also learned something about my country. I run a global company, but I am a citizen of the U.S. I believe that a popular, thirty-year notion that the U.S. can evolve from being a technology and manufacturing leader to a service leader is just wrong. In the end, this philosophy transformed the financial services industry from one that supported commerce to a complex trading market that operated outside the economy. Real engineering was traded for financial engineering. In the end, our businesses, our government, and many local leaders lost sight of what makes a nation great: a passion for innovation.

To this end, we need an educational system that inspires hard work, discipline, and creative thinking. The ability to innovate must be valued again. We must discover new technologies and develop a productive manufacturing base. Our trade deficit is a sign of real weakness and we must reduce our debt to the world. GE will always invest to win globally, but this should include a preeminent position in a strong U.S.

GE plans to play an important role in this process. We are, first and foremost, a technology company. And we will continue to invest increasing amounts in R&D to develop innovative solutions for our customers. In addition, we will continue investing to improve the education system, around the world, to produce more competitive students.

People come to GE because they understand there is more to life than making a buck. People come here because they want to make a difference, and never has this been more important than it is right now.

The current crisis offers the challenge of our lifetime. I've told our leaders at GE that if they are frightened by this concept, they shouldn't be here. But if they're energized, and desire to play a part in transforming the Company for the future, then this is going to be a thrilling time to be a part of GE.

GE will be a better company winning through this crisis. Your GE teams have dug in and are dedicated to the tasks ahead. My thanks go out to all investors who continue to support our efforts. If you are a prospective investor, let me say, now is the time to invest in GE!

Jeffrey R. Immelt
Chairman of the Board
and Chief Executive Officer
February 6, 2009